

Message Text

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ACTION AF-10

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E.O. 11652: N/A

TAGS: EFIN ECON CG

SUBJECT: BANK OF ZAIRE CRITICIZES ECONOMIC PERFORMANCE

1. THE JUST RELEASEDBANK OF ZAIRE REPORT FOR 1975 PROVIDES AN ASSESSMENT OF ECONOMIC PERFORMANCE THAT IS FAIRLY CRITICAL OF GOZ POLICIES. THE REPORT EMPHASIZES THAT GOZ POLICIES EXACERBATED ZAIRE'S DIFFICULTIES AND THAT IMPROVEMENT REQUIRES POLITICAL WILL AND GOOD MANAGEMENT. THE REPORT NOTES THAT GDP FELL BY 6.1 PER CENT IN 1975 AND BY AN ADDITIONAL 1.0 PER CENT IN 1976. END SUMMARY.

2. THE BANK OF ZAIRE ANNUAL REPORT IS THE MOST COMPREHENSIVE SOURCE OF STATISTICAL INFO ON ZAIRIAN ECONOMY AND PROVIDES A PUBLIC PLATFORM FROM WHICH THE BANK MAY ASSESS ECONOMIC DEVELOPMENTS. PUBLICATION AND RELEASE OF THE 1975 ANNUAL REPORT WAS DELAYED BY THE GOZ, ACCORDING TO BANK OF ZAIRE OFFICIALS, BUT THE REPORT IS NOW AVAILABLE AND WE WILL BE POUCHING COPIES TO LIMITED OFFICIAL USE

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THE DEPT IN ACCORDANCE WITH OUR CERP REQUIREMENTS.

3. THE INTRODUCTION OF THE 1975 REPORT IS NOTABLE FOR ITS FRANK DESCRIPTION OF THE "DEGREDDATION" OF THE ECONOMY AND ITS EMPHASIS ON THE ROLE OF GOZ POLICY IN EXACERBATING ECONOMIC PROBLEMS. FOR EXAMPLE, THE BANK NOTES THAT THE ECONOMIC MALAISE WAS "DANGEROUSLY EXACERBATED BY INTERNAL FACTORS, ESPECIALLY THE

DISORGANIZATION OF THE PRODUCTIVE APPARATUS OF THE ECONOMY
ATER THE POOR IMPLEMENTATION OF THE MEASURE OF ZAIRIANIZATION
IN 1973 AND RADICALIZATION IN 1974." IN AN IRONIC PRAODIZATION
OF A COMMON GOZ CLICHE, THE BANK NOTES THAT: "CONSIDERED THE
'PRIORITY OF PRIORITIES', THE AGRICULTURAL SECTOR HAS HARDLY
DEVELOPED AT ALL SINCE 1970." AT ANOTHER POINT THE BANK NOTES
THAT THE SYSTEMATIC RESORT TO FOREIGN LOANS CAMOUFLAGED FOR
SEVERAL YEARS THE PERVERSE EFFECTS OF THE INTERNAL CRISIS OF THE
ECONOMY AND ALSO CONTRIBUTED TO THE MAINTENANCE OF A CLIMATE OF
EUPHORIA IN CERTAIN STATE ORGANIZATIONS." THE FINANCIAL GAPS OF
1975, THE BANK NOTES, WERE AMPLIFIED BY THE "INADEQUACY OF THE
POLITICAL-ECONOMIC POLICIES ADOPTED IN 1973 AND 1974,"

4. LOOKING TO THE FUTURE, THE BANK NOTES THAT ECONOMIC RECOVERY
DEPENDS ON EFFECTIVE IMPLEMENTATION OF " THE AUSTERITY MEASURES
CONTAINED IN THE STABILIZATION PROGRAM." THE BANK POINTS OUT
THAT THIS PROGRAM'S IMMEDIATE AIMS ARE "NO MORE THAN TO STOP, OR
AT LEAST TO SLOW DOWN, THE PROCESS OF ECONOMIC DETERIORATION."
THE BANK CLOSES ON THE THEME THAT POLITICAL WILL AND GOOD
MANAGEMENT ARE THE KEYS TO RECOVERY, QUOTING THE ADAGE THAT
"WEALTH CONSISTS MORE IN HOW ONE USES IT THAN IN ITS POSSESSION."

5. THROUGH ITS VARIOUS CHARTS AND STATISTICS, THE REPORT MAKES
CLEAR THAT ZAIRE'S ECONOMIC PERFORMANCE HAS BEEN, IF ANYTHING,
WORSE THAN PREVIOUSLY THOUGHT. THE BANK CALCULATES THAT REAL COM-
MERCIALIZED GDP FELL BY 6.1 PER CENT IN 1975 AND BY 1.4 PER CENT
IN 1976. PERHAPS MORE SERIOUSLY FOR LONG-TERM GROWTH POTENTIAL, THE B
ANK
ESTIMATES THAT GROSS CAPITAL FORMATION FELL BY 14.9 PER CENT IN
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1975.

6. COMMENT: FOR THE MOST PART, THE 1975 ANNUAL REPORT OF THE
BANK OF ZAIRE IS THE USUAL FACTUAL AND UNCONTROVERSIAL COMPENDIUM
OF ECONOMIC STATISTICS AND ANALYSIS THAT PAST REPORTS HAVE BEEN.
NEVERTHELESS, THE 1975 REPORT IS THE MOST CRITICAL PUBLIC ANALYSIS
OF THE ZAIRIAN ECONOMY WE HAVE SEEN AND IS AT VARIANCE WITH THE
GOZ'S POPULAR ECONOMIC THEMES. WE SUSPECT THAT IT WILL BE READ WITH
APPROVAL BY THE YOUNGER TECHNOCRATIC ELITE THAT IMPLEMENTS,
BUT DOES NOT FORMULATE, GOZ ECONOMIC POLICY.
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Message Attributes

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